

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF
THE REPORT OF EXAMINATION OF
FARMERS MUTUAL INSURANCE
COMPANY OF LITTLE ROCK**

AID NO. 2008- 008

ADOPTION ORDER

Now on this day the matter of the Report of Examination as of December 31, 2006, of Farmers Mutual Insurance Company of Little Rock ("FMAA" or "Company"), a domestic Arkansas farmers mutual aid company of Little Rock, Arkansas, FMAA #A0011, is taken under consideration by Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas ("Commissioner"), as presented by Associate Counsel Nina Samuel Carter and the Finance Division of the Arkansas Insurance Department ("Department"). From the facts, matters, and law before her, the Commissioner finds as follows:

FINDINGS OF FACT

1. That the Commissioner has jurisdiction over the Company and the subject matter involved herein.
2. That the Company is an Arkansas-domiciled farmers mutual aid company authorized to transact insurance business as an FMAA under Ark. Code Ann. § 23-73-105 in the State of Arkansas.
3. That pursuant to Ark. Code Ann. § 23-61-201, et seq., applicable to farmers mutual aid associations and companies under § 23-73-104(2) and § 23-73-114, and other applicable laws, the Commissioner authorized and directed the

Department to conduct a regular examination of the affairs, transactions, accounts, records, and assets of the Company as of December 31, 2006.

4. That said examination was commenced by the Department on August 16, 2007, and completed on September 18, 2007.

5. That the verified Report of Examination was filed with the Department on November 16, 2007; it was then forwarded to the Company via certified mail on November 16, 2007. The Report was received by the Company on November 28, 2007, according to the certified mail return receipt returned to the Department.

6. That the Report of Examination contains the following comments and discrepancies concerning the Company's operations:

That the Examiners noted that the Company did not maintain sufficient documentation related to policyholder files and could not easily reconcile premium received to the original policy. It is recommended that the Company maintain documentation related to premium receipts that can easily be traced to the underlying policy terms.


7. That the Company made no response or rebuttal to the Examiner's comments on the draft Report of Examination.

THEREFORE, pursuant to the provisions of Ark. Code Ann. § 23-61-205, and § 23-73-104(2) and § 23-73-114, the Commissioner hereby orders:

1. That the Examination Report, as filed with the Department, is hereby adopted;

2. That the Department shall forward a copy of this Order and the adopted Examination Report to the Company, by certified mail. The mailing to the Company shall include specimen affidavit forms for the Company's Directors to use in acknowledging they have received the adopted Report of Examination and this Order;
3. That within twenty (20) days of receipt of this Order and the adopted Examination Report, the Company shall file with the Department affidavits executed by each one of its Directors, stating under oath or affirmation that each has received a copy of this Order and the adopted Examination Report, pursuant to Ark. Code Ann. § 23-61-205(b)(1), et seq. and other laws as applicable;
4. That the adopted Examination Report shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Order; and
5. That the Department, as a matter of course, reserves the right to consider administrative proceedings against Farmers Mutual insurance Company of Little Rock, an FMAA, at a later date, although none are contemplated at this time.

IT IS SO ORDERED this 30th day of January, 2008.


JULIE BENAFIELD BOWMAN
INSURANCE COMMISSIONER
STATE OF ARKANSAS